

Minutes
Catawba County Board of Commissioners
Special Session, Tuesday, May 25, 2004, 7:00 p.m.

Budget

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| FY 2004-05 Budget Public Hearing and Wrap-up | 561 | 05/25/04 |
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Facilities

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| Jail Expansion Project | 562 | 05/25/04 |
| Resolution No. 2004-14, Calling a Public Hearing in Connection with an Installment Financing of Public School and Community College Facilities | 562 | 05/25/04 |
| Resolution No. 2004-15, Declaring the Official of the County to Reimburse Expenditures Under United States Department of Treasury Regulations | 565 | 05/25/04 |

Public Hearing

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| FY 2004-05 Budget Public Hearing and Wrap-up Session | 561 | 05/25/04 |
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Resolutions

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| No. 2004-15, Declaring the Official of the County to Reimburse Expenditures Under United States Department of Treasury Regulations | 565 | 05/25/04 |

Schools

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| Resolution No. 2004-14, Calling a Public Hearing in Connection with an Installment Financing of Public School and Community College Facilities | 562 | 05/25/04 |
| Resolution No. 2004-15, Declaring the Official of the County to Reimburse Expenditures Under United States Department of Treasury Regulations | 565 | 05/25/04 |

Sheriff's Department

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| Jail Expansion Project | 562 | 05/25/04 |
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The Catawba County Board of Commissioners met in special session on Tuesday, May 25, 2004, 7:00 p.m., at the 1924 Courthouse, Robert E. Hibbitts Meeting Room, 30 North College Avenue, Newton, North Carolina. The purpose of the special meeting was for FY 2004-2005 budget public hearing and wrap-up.

Present were Chair Katherine W. Barnes, Vice-Chairman Dan A. Hunsucker, Commissioners Glenn E. Barger, Barbara G. Beatty, and Lynn M. Lail.

Absent: N/A

A quorum was present.

Also present were County Manager/Deputy Clerk J. Thomas Lundy, Assistant County Manager Mick W. Berry, Assistant County Manager Joellen J. Daley, and Budget Manager Judy V. Ikerd.

1. Chair Barnes called the meeting to order at 7:00 p.m. She said the purpose of the special meeting was for FY 2004-2005 budget public hearing and wrap-up.
2. Invocation offered by Commissioner Barger.
3. Commissioner Lail led in the Pledge of Allegiance to the Flag.
4. FY 2004-05 Budget Public Hearing and Wrap-up Session.

At 7:05 p.m., Chair Barnes opened the public hearing by saying this was the time and place as advertised for the public hearing and asked if anyone wished to speak either for or against. Chair Barnes said the proposed budget had been available on-line and a copy was available for review at all Catawba County Libraries. She said the proposed budget was discussed at length at the special session on Monday, May 24, 2004.

There being no one wishing to speak, at 7:07 p.m. Chair Barnes closed the public hearing.

County Manager J. Thomas Lundy reviewed the following additions to the proposed FY 2004-05 budget:

Catawba Valley Community College

Due to an 11% increase in student enrollment, increase current expense funding for FY 2004/05 to \$2,112,666 which will provide a 4% increase in funding over the current fiscal year to be used for expenses directly related to enrollment increase. Request: \$40,624.

Lake Norman Marine Commission

Increase funding to \$21,000 which is the requested funding level. The actual amount allocated will depend on the final funding recommendations from Iredell, Lincoln, and Mecklenburg Counties. Request: \$1,365.

Board of Elections

Increase Fiscal Year 2004/05 budget by \$70,000 for primary election which has been delayed from May 2004 to July 2004. Funds intended for the May election in the current year budget will not be spent. Request: \$70,000.

Utilities and Engineering

No increase in Convenience Center fees which results in a decrease in projected revenues. Fee changes will be considered once GDS has made recommendations for changes in the fee collection process. This change will not change the total budget. The Solid Waste Fund will absorb the decrease in revenues. Request: \$0.

Burke-Catawba District Confinement Facility (BCDCF)

Decrease contract amount from \$926,788 to \$907,033 based on negotiations with Burke County. Request: <\$19,775>.

Public Health

Changes to 3 fees based on new Medicaid rate schedule dated May 3, 2004: Hepatitis A (Pediatric), 18 yrs. and under (old rate \$28, new rate \$32); Measles, Mumps, Rubella (old rate \$40, new rate \$45); Varicella (old rate \$62, new rate \$67). No Fiscal Year 2004/05 budgetary impact. Request: \$0.

Total Requests: \$92,234.

Commissioner Barger made a motion to add the aforementioned items totaling \$92,234 to the proposed FY 2004-2005 Budget. The motion carried unanimously.

5. Jail Expansion Project.

County Manager J. Thomas Lundy recommended that the Board rescind its motion from the special meeting of May 24, 2004, appropriating funds in the amount of \$225,000 for the relocation of a natural gas pipeline in conjunction with the Jail Expansion Project as this will become part of the budget effective July 1, 2004.

Commissioner Beatty made a motion to rescind action to appropriate funds in the amount of \$225,000 for the relocation of a natural gas pipeline in conjunction with the Jail Expansion Project. (See minutes from May 24, 2004, minute book 49, page 559.) The motion carried unanimously.

5. Resolution Calling a Public Hearing in Connection with an Installment Financing of Public School and Community College Facilities and Resolution Declaring the Official of the County to Reimburse Expenditures Under United States Department of Treasury Regulations.

Finance Director Rodney Miller requested that the Board of Commissioners call for a public hearing to be held on June 21, 2004, in connection with an installment financing of public school and community college facilities. In addition, the Board is requested to adopt a resolution designating the Finance Director to declare the official

intent on behalf of the County to reimburse any and all expenditures with the proceeds of debt under United States Department of Treasury Regulations.

In the FY 03-04 budget, the Board of Commissioners dedicated two cents of the tax rate to be used with retiring school debt each year as an investment in education for Catawba County. A funding plan was prepared with the funds generated, which would allow the County to begin construction of a new middle school in the Hickory City School system, a new high school for the Catawba County School system and a learning resource and technology center for Catawba Valley Community College (CVCC).

In August 2003, the Board approved the construction of Hickory Middle School B in the amount of \$12.1 million, financed through an installment purchase contract of \$9.9 million. The difference, approximately \$2.2 million was pledged with general fund dollars, which would be reimbursed when the County financed the construction of Maiden High School. This type of financing was selected to achieve the best possible interest rates available at the time. By borrowing less than \$10 million in a calendar year, significant interest savings were realized.

The idea of a New Maiden High School derived from the student growth in the Maiden, Bandys and Fred T. Foard School Districts. All three high schools were over capacity and a need also existed for a new elementary school in the Maiden and Bandys districts. In 1999, the Catawba County Board of Education purchased a 62-acre site for a new high school on West Main Street about ½ mile west of the existing high school based on the following reasons:

1. The existing Maiden High School site would not support the requirements of a larger and more modern high school and property was not available to increase the existing site.
2. Building a 1000 student high school would allow the district lines to be changed between Maiden, Bandys and Fred T. Foard, which would reduce the overcrowding at all three high schools and make the high schools similar in size.
3. The existing Maiden High School would be converted to a 7-8 middle school that would be a direct feed to the new high school. The Maiden Middle School would also help relieve any future crowding at Jacobs Fork and Mill Creek Middle Schools.
4. The existing C.H. Tuttle Middle School would be expanded and converted to a needed 700 student capacity elementary school for the Maiden and Bandys Districts. This would allow the sixth grade students from both Maiden and Balls Creek Elementary Schools to return from Tuttle Middle School to their respective schools.

The new high school is projected to have 236,000 square feet of space, a student capacity of 1000 and a core capacity of 1200 for future growth. Estimated costs are \$26 million.

The Library Learning and Technology Center was tagged as the top priority for CVCC before a failed bond referendum occurred in early 2001. This project was estimated at \$7 million, with financing to be secured by Catawba County. CVCC also had plans to construct a Math/Science center, to include specially designed classrooms and laboratories for sciences, chemistry, physics and mathematics instruction, which was to be financed with \$7.5 million in State Bond funds. Since that time, plans were developed to combine the two centers into the same project, using less space and realizing economies of scale with one building.

With the projects above exceeding \$10 million, they will be financed through Certificates of Participation (COP's), a form of financing described under G.S. 160A-20. Like the Middle School project, since the County does not own the land upon which the High School and Learning Library will be built, the Catawba County Board of Education and CVCC Board of Trustees must convey the land to the County in order for the County to borrow the funds. The County will, in turn, lease the new school, learning library and land back to the Board of Education and CVCC for their use, and at the end of the financing term, transfer all rights to the property back to the respective parties.

All local governments in North Carolina that borrow funds greater than \$500,000 or longer than five years to maturity must receive approval by the Local Government Commission (LGC), a division of the NC Department of State Treasurer. If approved by the Board of Commissioners, the LGC will consider these projects at their July 6, 2004, meeting in Raleigh.

Finally, the resolution under consideration designates the Finance Director as the County official responsible for declaring the official intent of the County to reimburse expenditures incurred in conjunction with a project from the proceeds from a future financing. Formal action was taken in 2003, in the form of a reimbursement resolution for the Hickory Middle School project, whereby the County declared their intent to reimburse general

fund dollars pledged with the future financing of Maiden High. By adopting this resolution, adherence to U.S. government regulations are insured as well as the elimination of formal Board action for every project that will be reimbursed with future borrowings.

Commissioner Barnes introduced the following resolution, the title of which was read and copies of which had been distributed to each Commissioner:

RESOLUTION NO. 2004-14
RESOLUTION CALLING A PUBLIC HEARING IN CONNECTION WITH AN INSTALLMENT
FINANCING OF PUBLIC SCHOOL AND COMMUNITY COLLEGE FACILITIES

WHEREAS, the County of Catawba, North Carolina (the "County") is considering entering into an installment financing pursuant N.C.G.S. 160A-20 in the principal amount not to exceed \$31,000,000 for the purpose of providing funds, together with any other available funds, to (a) complete the acquisition, construction and equipping of a middle school for the Hickory City School District and (b) acquire, construct and equip the new Maiden High School (collectively, the "School Projects"); and

WHEREAS, the County is also considering entering into an installment financing pursuant N.C.G.S. 160A-20 in the principal amount not to exceed \$8,000,000 for the purpose of providing funds, together with any other available funds, to acquire, construct and equip a new learning library facility for Catawba Valley Community College (the "Community College Project"), which financing may be combined with the installment financing for the School Projects;

WHEREAS, in connection with the financing of the School Projects, it will be necessary for the County will acquire the site of the new Maiden High School (the "High School Site") from the Catawba County Board of Education (the "Board of Education"), and the County will lease back the High School Site to the Board of Education to be used for public school purposes;

WHEREAS, as security for the County's obligations under the installment financing agreement, the County will be required to execute and deliver a deed of trust granting a lien on the High School Site, together with all improvements and fixture located and to be located thereon;

WHEREAS, in connection with the financing of the Community College Project, it may be necessary for the County to acquire the site of the Community College Project (the "Community College Project Site") from the Board of Trustees of Catawba Valley Community College (the "Board of Trustees"), and the County would lease back the Community College Project Site to the Board of Trustees to be used for community college purposes;

WHEREAS, as security for the County's obligations under the installment financing agreement, the County may be required to execute and deliver a deed of trust granting a lien on the Community College Project Site, together with all improvements and fixture located and to be located thereon;

WHEREAS, in accordance with N.C.G.S. 160A-20(g), the County is required to hold a public hearing on the proposed installment financing agreement;

WHEREAS, in accordance with N.C.G.S. 153A-158.1, the County is required to hold a public hearing relating to the proposed acquisition by the County of the High School Site ; and

WHEREAS, in accordance with N.C.G.S. 153A-158.2, the County is required to hold a public hearing relating to the proposed acquisition by the County of the Community College Project Site in the event that the County determines to proceed with the financing of the Community College Project and it is necessary to convey the Community College Project Site to the County as part of the financing plan;

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners for the County (the "Board") as follows:

1. The Board hereby fixes 7:00 p.m. on June 21, 2004 in the Robert E. Hibbitts Meeting Room at the 1924 Courthouse in Newton, North Carolina, as the hour, day and place for the public hearing on the proposed installment financing agreement and the proposed acquisition of the High School Site and the Community College Project Site and hereby directs the Clerk to said Board to publish notice of such public hearing once in *The Hickory Daily Record* and *The Observer-News-Enterprise* not later than the 10th day before said date.

2. In the event that the County Manager or the Finance Director of the County determine on or prior to the date of publication of such notice of public hearing that the Community College Project will not be financed as part the proposed installment financing as described above, such notice of public hearing and the public hearing thereon shall relate solely to the installment financing for the School Projects and the acquisition by the County of the High School Site.

Section 3. This resolution shall take effect upon its passage.

Upon motion of Commissioner Hunsucker the foregoing resolution was adopted by the following vote:

Ayes: Barnes, Hunsucker, Barger, Beatty, and Lail

Noes: N/A

Thereupon, Commissioner Barnes introduced the following resolution, the title of which was read and copies of which had been distributed to each Commissioner:

RESOLUTION NO. 2004-15

RESOLUTION DECLARING THE OFFICIAL OF THE COUNTY TO REIMBURSE EXPENDITURES UNDER UNITED STATES DEPARTMENT OF TREASURY REGULATIONS

BE IT RESOLVED that the Board of Commissioners (the "Board") for the County of Catawba (the "County") as follows:

1. It is hereby found, determined and declared by the Board as follows:
 - (a) Section 1.150-2 of the Treasury Regulations (the "Regulations") prescribe specific procedures which will be applicable to certain bonds or notes issued by the County including, without limitation, a requirement that the County declare its official intent to reimburse certain expenditures with proceeds of debt to be incurred by the County prior to, or within sixty (60) days of, payment of the expenditures to be reimbursed.
 - (b) The Regulations expressly permit the statement of official intent to be declared by any person designated by the County to declare such official intent on behalf of the County.
 - (c) The Board believes that it is in the best interest of the County to designate the Finance Director of the County to declare such official intents on behalf of the County.

Section 2. As permitted by the Regulations, the Finance Director of the County, now or hereafter serving in such capacity, is hereby designated by the Board to declare the official intent on behalf of the County to reimburse any and all expenditures with the proceeds of debt to be hereafter incurred by the County.

Section 3. This resolution shall take effect upon its passage.

Upon motion of Commissioner Lail, the foregoing resolution was adopted by the following vote:

Ayes: Barnes, Hunsucker, Barger, Beatty, and Lail

Noes: N/A

6. Adjournment.

At 7:23 p.m. there being no further business to come before the Board, Commissioner Barger made a motion to adjourn. The motion carried unanimously.

The next meeting is a special, joint meeting scheduled with the Hickory City Council and the Hickory-Conover Tourism Development Authority for Wednesday, May 26, 2004, 4:00 p.m., Hickory Metro Convention Center, Hickory, North Carolina, for consideration of a proposed Convention Center expansion project.

Katherine W. Barnes
Chair, Board of Commissioners

J. Thomas Lundy
County Manager/Deputy Clerk